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## **DOE Issues Landmark Rule for Risk Insurance for Advanced Nuclear Facilities**

**WASHINGTON, DC** – The U.S. Department of Energy (DOE) issued on Saturday, the interim final rule required by the Energy Policy Act of 2005 (EPACT) for risk insurance to facilitate construction of new advanced nuclear power facilities. The rule establishes the requirements for risk insurance to cover costs associated with certain regulatory or litigation-related delays in the start-up of new nuclear power plants. The resurgence of nuclear power is a key component of President Bush's Advanced Energy Initiative.

The Standby Support provisions of EPACT (section 638), also referred to as federal risk insurance, authorize the Secretary of Energy to enter into contracts to cover financial losses due to certain nuclear plant delays up to \$500 million for the first two reactors licensed by the Nuclear Regulatory Commission (NRC), and up to \$250 million for each of the following four new reactors.

"To strengthen our nation's energy mix, we must move forward with more nuclear power," Secretary of Energy Samuel W. Bodman said. "Even though nuclear energy is the only mature, emission-free, baseload energy source available, a new reactor hasn't been constructed in the U.S. in decades. Hopefully, by providing companies with the assurance that they will be protected against certain regulatory and legal delays that are beyond their control, this will encourage a renaissance of nuclear power in this country."

The President proposed and Congress passed the standby support as part of the key provisions of EPACT to facilitate the building of new nuclear power plants in the United States. The interim final rule establishes a two-step process for obtaining risk insurance. First, the project sponsor of a new advanced nuclear facility may seek to enter into a conditional agreement with DOE after the sponsor has applied to the NRC for a combined construction and operating license for an advanced nuclear facility. Second, after all applicable requirements have been satisfied, including the issuance of a license by the NRC, the project sponsor and DOE may enter into a standby support contract. The project sponsors for the first six reactors to satisfy the requisite conditions can qualify for reimbursement of losses that are associated with covered delays.

"Providing risk insurance to the first six new nuclear power plants addresses a significant barrier to building the nuclear generating capacity necessary to power our nation's economy," DOE Assistant Secretary for Nuclear Energy Dennis Spurgeon said.

The rule identifies events that would be covered by the risk insurance, including delays associated with the NRC's review of inspections, tests, analyses and acceptance criteria or other licensing schedule delays, and certain delays associated with litigation in state, federal, or tribal courts. Insurance coverage would not be available for the sponsor's failure to take actions required by law or regulation, events within the sponsor's control, and normal business risks such as employment strikes and weather delays. Covered losses would, subject to satisfaction of all requirements, include principal or interest on debt and losses resulting from the purchase of replacement power to satisfy certain contractual obligations.

Public comments on the interim final rule must be in writing and received within 30 days of the rule's publication in the Federal Register.

In formulating the interim final rule, DOE evaluated and took into account comments received from the NRC, written and oral comments received from interested parties that responded to DOE's Notice of Inquiry published in the Federal Register on November 25, 2005, and comments received in the public workshop held on December 15, 2005.

The interim final rule will be published in the *Federal Register*. A copy and related information materials, including a discussion of the nine conditions that must be satisfied in order to enter into a standby support contract with DOE, are available on the website of DOE's Office of Nuclear Energy ([www.nuclear.gov](http://www.nuclear.gov)).

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